

Message Text

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C O N F I D E N T I A L OTTAWA 3644

E.O. 11652: GDS

TAGS: PGOV, PINT, ECON, CA

SUBJ: LIBERAL CAUCUS MEETING MAY SIGNAL START OF
LIBERAL OFFENSIVE

REF: A. OTTAWA 3611; B. OTTAWA 3552; C. OTTAWA 4828

1. SUMMARY: ACCORDING TO A LIBERAL BACK-BENCHER, TRUDEAU, AT THE SEPT 8-9 LIBERAL CACUCUS MEETING, APPEARS TO BE GETTING THE MESSAGE OF RECENT UNFAVORABLE POLLS AND IS READY TO FIGHT BACK. THAT SOURCE INDICATES THAT A LIBERAL OFFENSIVE WILL BE BUILT AROUND A NEW ECONOMIC PROGRAM, ALONG THE LINES OF TRUDEAU'S YEAR-END MUSINGS BUT WITH SPECIFICS IN PLACE OF THE PROFESSORIAL AIR. THE STRATEGY IS BOTH TO DEMONSTRATE NEW LIBERAL LEADERSHIP AND TO DRAW OUT JOE CLARK AND THE PROGRESSIVE CONSERVATIVES (PC), WHO HAVE BEEN THRIVING PRIMARILY BECAUSE OF LIBERAL INEPTITUDE AND MISTAKES. IT REMAINS TO BE SEEN WHAT FORM THE LIBERAL PROGRAM WILL TAKE, HOW THE PCS WILL REACT AND WHAT APPEAL IT WILL HAVE FOR THE VOTERS. BUT, IF THIS SIGNALS AN AWAKENING OF THE BIG RED (LIBERAL) MACHINE, WE ARE, AT THE LEAST, IN FOR INTERESTING TIMES.
END SUMMARY.

2. REPORTS FROM TWO-DAY LIBERAL CAUCUS MEETING REF A) ARE, OF COURSE, SPOTTY SINCE THE MEETING IS CLOSED
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TO OUTSIDERS AND IS STILL IN SESSION. EMBOFF RECEIVED,

HOWEVER, SOME PRELIMINARY IMPRESSIONS AFTERNOON
SEPTEMBER 8 FROM LIBERAL MP DAVID COLLEMETTE. COLLE-
METTE IS A BRIGHT AND OUTSPOKEN BACK-BENCHER WHO HAS
BEEN AN EXCELLENT SOURCE OF INFORMATION AND WHOSE
CANDOR WITH EMBOFFS MAY BE CAUSED, IN PART, BY HIS
LEADER GRANT VISIT TO THE U.S. SEVERAL YEARS AGO. HIS
COMMENTS PRESUMABLY INCLUDE MIXTURE OF PERSONAL OPINIONS
AND DRIFT OF THINKING AT CAUCUS MEETING WITH DIVIDING
LINE DIFFICULT TO PEG. IN EITHER CASE, THE VIEWS ARE
WORTHY OF NOTE SINCE THIS CAUCUS MEETING IS DESIGNED
TO ALLOW BACK-BENCHERS LIKE COLLENETTE TO LET OFF
STEAM. MOREOVER, IN VIEW OF THE SERIOUS SLIDE IN
LIBERAL PARTY POPULARITY (REF B), IT IS SAFE TO ASSUME
THAT PARTY ELDERS ARE NOW LISTENING TO VOICES FROM THE
BACK BENCHES. COLLENETTE'S VIEWS/IMPRESSIONS FOLLOW.

3. PM TRUDEAU SPOKE TO THE SESSION IN THE MORNING OF
SEPTEMBER 8 AND WAS A DIFFERENT MAN FROM THE DIS-
HEARTENED OR DISINTERESTED TRUDEAU OF SEVERAL MONTHS
AGO. PERHAPS BECAUSE THE NEWS FROM THE POLLS IS SO
BAD (REF B), TRUDEAU NOW WELCOMES THE CHALLENGE AND IS
READY TO TURN THINGS AROUND. LIBERAL MP RANK AND FILE
IS DISTURBED BY VOTER DISENCHANTMENT WITH THE PARTY.
"OBVIOUSLY WE'RE CONCERNED", IN COLLENETTE'S WORDS.
AT SAME TIME, THERE IS NO QUESTION OF CAUCUS DISUNITY
UNLIKE LAST WINTER "WHEN THE LEADERSHIP WASN'T
LISTENING". UNTIL RECENTLY THE -HIGHER-UPS" IN THE
GOVERNMENT HAVE BEEN PROTECTING TRUDEAU AND INSULATING HIM
FROM THE BAD NEWS FROM THE COUNTRYSIDE.

4. LIBERALS ARE NOW, IN SHORT, GOING ON TO THE
OFFENSIVE. JOE CLARK AND THE PC PARTY HAVE BEEN GROWING
FAT ON LIBERAL MISTAKES BUT "WE'RE NOT GOING TO LET
HIM (CLARK) BACK INTO OFFICE". EVEN WHILE OPINIONS IN
THE TORONTO AREA ARE "VENOMOUS" REGARDING TRUDEAU, THERE
IS INDIFFERENCE, AT BEST, ABOUT CLARK AND THE BETTER HE
IS KNOWN THE LESS HE WILL BE LIKED. FYI: COLLENETTE'S
RIDING IS IN METRO TORONTO AND HE ENTERED THE PARLIAMENT
IN THE 1974 LIBERAL LANDSLIDE THERE. HE IS ACUTELY
AWARE BOTH OF HIS SHAKY BASE AND THE DAMAGING EFFECT OF
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ANTI-TRUDEAU SENTIMENT THERE. IT IS GENERALLY AGREED
THAT THE NEXT FEDERAL ELECTION WILL BE WON OR LOST IN
METRO TORONTO AND COLLENETTE IS RIGHT ON THE FIRING LINE
OR EVEN CAUGHT IN THE CROSS-FIRE. HIS VIEWS ABOUT
CLARK, THEREFORE, ARE NOT WITHOUT SOME WISHFUL
THINKING. END FYI.

5. THE LIBERAL OFFENSIVE WILL BE LARGELY THROUGH NEW

DIRECTIONS IN THE ECONOMY. THE LIBERALS WILL BE "STAKING OUT NEW FOUND" AND WILL "CARRY A LEFT-OF-CENTER BALL". FYI: HERE COLENETTE'S VIEWS BECOME RATHER ILL-DEFINED AND IMPRECISE WITH SEVERAL APPARENT CONTRADICTIONS. PRESUMABLY, THIS REFLECTS THE TENTATIVENESS OF LIBERAL THINKING BOTH IN THE CAUCUS MEETING AND IN THE GOVERNMENT AT THIS POINT. BUT THE GENERAL DIRECTION SEEMS CLEAR AND, WITH THE NEW SPEECH FROM THE THRONE IN MID OR LATE OCTOBER AND THE INTRODUCTION OF LEGISLATION IN THE NEW PARLIAMENT, THE LINES WILL PRESUMABLY BECOME BETTER DEFINED. IN THE INTERIM THE EMBASSY WILL, OF COURSE, DIG FOR MORE SPECIFICS OF THE NEW ECONOMIC THRUST. END FYI.

6. THE LIBERAL PROGRAM WILL BE ALONG THE GENERAL LINES OF PM TRUDEAU'S YEAR-END ECONOMIC MUSINGS (REF C). EMBOFF EXPRESSED SURPRISE AT THIS IN VIEW OF THE UPROAR CAUSED BY TRUDEAU'S REMARKS. COLENETTE REPLIED THAT THE NEW APPROACH WOULD BE LESS -PROFESSORIAL" AND WITH MORE SPECIFICS AND IMPLIED THAT THE FUROR WAS CAUSED NOT SO MUCH BY WHAT TRUDEAU SAID AS BY THE WAY IN WHICH HE SAID IT. EMPHASIS WILL BE ON PLANNING AND ON MORE ORDERLY ECONOMIC GROWTH. EXPANSION IN THE ECONOMY WILL BE REGULATED TO AVOID THE ECONOMIC AND SOCIAL COSTS OF UNLIMITED GROWTH. THERE WILL BE AN ATTEMPT TO ASSURE THAT THE SHARE OF GNP IS DIVIDED EQUITABLY AMONG THE VARIOUS ECONOMIC SECTORS. EVEN WITH THIS EMPHASIS ON ECONOMIC PLANNING, HOWEVER, THE GOVERNMENT WILL SEEK INCREASED DECENTRALIZATION OF THE ECONOMY AND A RETURN OF CONTROL, WHEREVER FEASIBLE, TO THE PRIVATE SECTOR. "WE HAVE LEARNED THAT GOVERNMENT INTRUSION IS NOT ALWAYS THE CONFIDENTIAL

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ANSWER". FYI. NEW ECONOMIC PROGRAM MIGHT WELL ENTIAL A FAR MORE SIGNIFICANT ROLE FOR BUSINESS AND LABOR IN DECISION MAKING PROCESS. TRUDEAU HAS HELD DISCUSSIONS WITH CLC LEADERS ON ESTABLISHMENT OF A TRIPARTITE FORUM AND PLANS TO PURSUE THIS IN TALKS WITH BUSINESS LEADERS. END FYI.

7. A MAJOR PURPOSE OF A NEW LIBERAL ECONOMIC PROGRAM IS OBVIOUSLY TO IMPRESS THE CANADIAN VOTER WITH RENEWED LIBERAL LEADERSHIP AND, NOT UNIMPORTANTLY, TO FLUSH JOE CLARK AND THE PC LEADERSHIP OUT IN THE OPEN. COLLENETTE ADDED, HOWEVER, THAT THE LIBERALS ARE WORRIED ABOUT THE INVESTMENT CLIMATE HERE BOTH IN TERMS OF U.S. AND OTHER FOREIGN INVESTMENT HESITANCY AND ATTRACTION OF CANADIAN INVESTMENT

ELSEWHERE. HE SAID THAT A NEW ECONOMIC PROGRAM WOULD ATTEMPT TO RECTIFY THIS SITUATION BUT HE DID NOT ELABORATE.

8. COMMENT: AT THE LEAST, COLLENETTE'S COMMENTS SIGNAL THAT THE LIBERAL PARLIAMENTARY CAUCUS IS FULLY AWARE THAT SOMETHING MUST BE DONE AND SOON TO REVERSE LIBERAL PARTY UNPOPULARITY. PUNDITS HERE, ALWAYS AFRAID OF THE LIBERALS' FAMOUS RECUPERATIVE POWERS, HAVE RECENTLY COME TO THE BRINK OF SAYING THAT THE LIBERALS CANNOT WIN IN 1978 NO MATTER WHAT IS DONE IN THE INTERIM (REF B). WHILE IT IS COINCIDENTAL THAT THE LIBERAL CAUCUS MEETING COMES ON THE HEELS OF AUGUST POLL RESULTS, WHICH ARE MOST UNFAVORABLE TO THE LIBERALS (THE MEETING IS A YEARLY AFFAIR AND WAS PLANNED IN JULY), THIS IS A HAPPY COINCIDENCE FOR THE DAVID COLLENETTES OF THE PARTY. EVEN THE MOST MYOPIC LIBERAL LEADERS CANNOT FAIL TO UNDERSTAND THE MESSAGE FROM BACK-BENCHERS WHO HAVE JUST RETURNED FROM ANGRY RIDINGS. AND COLLENETTE SUGGESTS THAT TRUDEAU IS FINALLY BACK IN FIGHTING FORM. THIS NEW ECONOMIC OFFENSIVE, VAGUE AS ITS DETAILS MAY NOW BE, APPEARS TO BE THE AREA IN WHICH THE LIBERALS HOPE TO DRAW OUT JOE CLARK AND ON WHICH TO FIGHT THE NEXT ELECTION. CERTAINLY, IT IS PREMATURE TO COMMENT ON HOW THIS WILL CONFIDENTIAL

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SIT WITH THE ELECTROATE AND HOW CLARK AND THE PCS WILL RISE TO THE CHALLENGE. BUT IF THIS DOES INDEED FINALLY INDICATE THAT THE LIBERAL GOVERNMENT IS EMERGING FROM ITS SOMNOLENCE, WE SHOULD HAVE SOME INTERESTING TIMES HERE DURING THE NEXT SESSION OF PARLIAMENT. ENDERS

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